

Coffman to Introduce Rare Earth Bill in 2011

Reacts to China's New Export Restrictions on Critical Metals

(WASHINGTON) - U.S. Representative Mike Coffman (R-Colorado) announced today that he will be introducing new legislation in response to China's decision to cut exports of rare earth metals by 35% in the first half of 2011 as compared to the same period in 2010.

China supplies about 95% of the world's rare earth metals, which are used in everything from high-tech batteries, television sets, and cell phones to defense weapons systems. The U.S., along with other developed countries, relies on Chinese exports for their industrial base needs.

"The government-ordered reduction in rare earth metals available for export from China demonstrates the urgent need to reestablish a competitive U.S. supply-chain for rare earth metals," said Coffman. "China's handling of this issue poses a threat to both the economic security as well as the national security of the United States."

Coffman, who sits on the House Armed Services Committee, became alarmed early last year when he learned that the supply-chains of many U.S. defense contractors rely heavily on Chinese exports of rare earth metals to make everything from night vision goggles, tanks, and fighter aircraft, to precision guided munitions. This reliance on China poses a key vulnerability according to Coffman.

Coffman introduced legislation in 2009 to shift our reliance away from China and to rebuild a competitive supply chain for rare earth metals in the U.S. His legislation, the RESTART Act, never came to a vote in the Democrat-controlled Congress but Coffman is optimistic that next year, under Republican leadership, his legislation will move forward.

Coffman's legislation, to be introduced at the start of the 112th Congress, will be more aggressive in light of China's recent export restrictions and will focus more on the national security threat China poses to the U.S. with its near monopoly of 95% of the world's supply of rare earth metals. It will also include key measures to ensure fiscal responsibility including a prohibition on loan guarantees for projects that can be funded through private sources.

Coffman's comprehensive legislation will ensure China complies with the World Trade Organization (WTO) obligations related to the sale of rare earth metals, will put in place mechanisms to assist U.S. companies in regaining their competitive position in the market and ensure our national security needs are met in the near term.

Key provisions of the legislation are:

- Create a strategic stockpile of rare earth metals within the Department of Defense that will help stimulate domestic production and protect the U.S. from further Chinese export restrictions.
- Make loans, backed by the federal government, available to start production should

lending from the capital markets not be available.

- Establish coordinated responses from the federal government to address the problems preventing establishment of rare earth industry.
- Utilize the Defense Production Act of 1950 to recreate our ability to manufacture rare earth metals, alloys and magnets in the U.S.
- Establish a Rare Earth Policy Task Force across relevant Executive Branch agencies to expedite the development of alternative sources of supply.

“China is neither an ally of the United States nor is it a reliable trade partner when it comes to rare earth metals,” said Coffman. “Our nation must act to protect our security interests with regard to these strategic metals.”

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